



United States Department of the Interior

OFFICE OF SURFACE MINING
RECLAMATION AND ENFORCEMENT

219 CENTRAL AVENUE, NW
ALBUQUERQUE, NEW MEXICO 87102

SEP 17 1985

Dr. Dianne Nielson, Director
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Dear Dr. Nielson:

On June 18, 1985, auditors from the OSM Albuquerque Field Office conducted an audit at the CO-OP Mining Company. The purpose of the audit was to verify the tonnage reported to OSM for reclamation fee payment.

The records submitted by CO-OP for the audit were incomplete and did not meet the requirements of 30 CFR 870.16. It was impossible for the auditors to determine whether accurate production figures were reported to OSM or if proper reclamation fees were paid. Therefore, we decided to estimate the fee liability as outlined in 30 CFR 870.16(e).

Estimated production figures have been computed based on a mine workings map obtained from MSHA. The following parameters were used in the computations: average seam thickness - 10 feet; coal density - 80 lbs/ cu. ft.; average pillared area recovery - 85%. These parameters were extracted from CO-OP's reclamation plan.

The estimated production from the Bear Canyon Mine from July 1, 1982 through June 30, 1985 is 1,151,111 tons. Section 870.16(e) of 30 CFR requires a 20 percent upward adjustment on estimated fee liabilities for a total estimate of 1,381,333 tons. CO-OP has reported 865,774 tons to OSM during the same period or a difference of 515,559 tons. The fee liability on this tonnage is \$77,333.85.

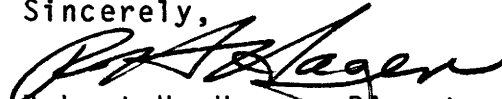
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CO-OP disagrees with the parameters used in our calculations. They contend that the average seam thickness was nine feet and the recovery rate was around 55 percent. So far we have not received any documentation from CO-OP to support these contentions.

I will keep you informed of any further developments.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. H. Hagen", written in a cursive style.

Robert H. Hagen, Director
Albuquerque Field Office

ORDER

Based upon the above Stipulation of the parties,

IT IS HEREBY ORDERED that the hearing in Docket No. 85-051 is continued until the next regularly scheduled hearing of the Board. It is further ordered that Co-op Mining Company is hereby authorized to continue to operate the Bear Creek Canyon Mine pursuant to UMC 771.13(b) until October 25, 1985, unless a further extension is ordered by the Board.

DATED this 17th day of September, 1985.



GREGORY P. WILLIAMS, Chairman
Board of Oil, Gas and Mining